

## Attachment 1

### Supporting Documentation Rationale Sheet

INST# \_\_\_\_\_

#### Memorandum to the File

**Note:** *This memo is only applicable to real property items acquired prior to 1993.* Files for property acquired subsequent to 1993 should contain adequate supporting documentation (or documentation should be readily available from sources outside of real property; i.e., finance) and judgments based on the following hierarchy were not considered appropriate or necessary, except in the case of the Deed.

During June 1996, NOAA undertook a detailed review of the real property files in order to ensure the files contained adequate supporting documentation for proper asset valuation for financial statement purposes.

During the review of the NOAA real property files, it was noted that most of the files contained several different source documents (i.e., Deeds, NOAA Form 40-1-s, GSA Form 11-66-s, etc.) which sometimes resulted in conflicting information concerning real property acquisition values and dates. Real property valuation may require judgment on the part of NOAA personnel; especially for older property items transferred from other agencies.

The following represents the supporting document hierarchy used to support the proper ownership, acquisition value, and acquisition date of NOAA-s real property items acquired prior to 1993. These items are presented in descending order of reliability.

**1. Deed**

Legal document transferring the ownership of the real property to NOAA.

**2. Transfer Record**

Documentation of the transfer of the property between federal agencies. This can be a document issued by the transferring agency or by NOAA. The acquisition cost contained on the transfer record represents the transferring agency-s net book value of the real property; this is the proper acquisition cost to NOAA.

**3. Construction Record**

Documentation of construction of real property, date NOAA became responsible for the property, and related invoice supporting cost (valuation).

**4. NOAA Form 40-1**

A NOAA Form that was used in the past at the time of acquisition to document the value of the real property. Since this form was completed at acquisition, it is believed to contain accurate information.

**5. Executive Order**

Real Property Utilization Survey. These surveys are conducted every 5 years to identify property not utilized, underutilized, or not being put to optimum use. The surveys may contain cost information. These surveys include a site visit by the NOAA personnel preparing the survey. Costs should agree to information contained in the file, if not, the costs represent an appraisal conducted for the Executive Order and as such must be discounted back to the acquisition date based on CPI to determine historic cost (see appraisals on the following page).

**6. NOAA Inventory Sheet**

Detailed inventory listing completed at the line office location. This listing verifies the existence of the property along with supplying some valuation information.

**7. GSA Form 11-66**

A GSA Form that was used prior to RSMIS. Yearly, the form was completed by the agency to report the

agency's real property to GSA. This form was usually completed by NOAA personnel based on information in the file.

8. Title Insurance

When property is donated to NOAA, documentation of the title insurance for the property is possibly included in the documents received. The amount the asset is insured for is representative of the fair market value value.

**Additional source documentation:**

**Appraisals**

An appraisal can be used if it is determined to be more reliable than number 2 through 7 above. If the appraisal is as of a date later than the acquisition date, the appraised value must be discounted back to the acquisition date based on the CPI discount rates to determine the historic cost.

**Similar Properties**

If one of the above source documents is not determined to be reliable, and an appraisal is not readily available, the valuation determination will be based on similar property for which valuation is known. This similar property must have like attributes (i.e., same age, comparable square footage, similar use, etc.). If the properties do not have like attributes but a reasonable adjustment (i.e., change in age, allocation of square footage, adjustment to the use, etc.) can be made to determine an estimate for the property, that adjustment must be documented in the file. In order to be used, the file must contain documentation explaining the relationship between the two properties (and any adjustments) and why the valuation is believed to be proper.

Attached to this memorandum are the supporting documents contained in the file that were deemed to be the most reliable, based on the above hierarchy. In the event that there are deviations from the above hierarchy, detailed explanations supporting the rationale at how the determination was made and why the value was chosen are documented in the subsequent pages.

Additionally, the useful life was reviewed to determine if an adjustment should be made based on information concerning the remaining useful life at the time of purchase/acquisition. If an adjustment was made, documentation for the rationale of the remaining useful life is also included in an attached memo or below.

This memo and the attached source documents serve as the official NOAA determination of the value, acquisition date, and ownership of the real property contained in this file.

Signature of Certifier

\_\_\_\_\_

Title of Certifier

Real Property Contracting Officer

Date of Certification

\_\_\_\_\_

Prepared by:\_\_\_\_\_

Date:\_\_\_\_\_